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USSR-Western Europe: Results of the 6 July Meeting on the Pipeline

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[ ] meeting between West European pipeline contractors and Soviet officials on 6 July. Earlier reporting had indicated it might be the occasion for a final Soviet decision on how to proceed with the export pipeline, and simultaneous with the meeting a Soviet propaganda campaign stressed Moscow's determination to "go it alone" if necessary and complete the project with Soviet-built turbines. [ ]

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-- [ ] however, the Soviets told the West European contractors that Moscow expected them to abide by their contracts to deliver 25 megawatt turbines equipped with GE-designed rotors and would implement penalty clauses if the equipment was not forthcoming.

-- [ ] Moscow has given its European suppliers until early August to determine whether they will be able to begin to meet the existing contracts using the approximately 25 GE-produced rotors that GE had delivered to Europe before the US imposed sanctions in December 1981. [ ]

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Comment: [ ] recent Soviet media claims

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that Moscow is prepared to do without Western turbines probably are intended to pressure West European contractors into circumventing or disregarding US sanctions. Moscow is not, however, making empty threats--the pipeline can be built with Soviet-made compressor stations equipment and probably in time to meet contracted gas delivery dates. Doing so, however, probably would require the diversion of turbines from one of the five 56-inch domestic pipelines planned for 1981-85. Fully equipping the export pipeline by diverting equipment from one domestic pipeline could reduce the supply of gas to the Soviet economy by as much as 30 billion cubic meters for a year or two. Partially equipping the export line by partial removal of equipment from several domestic pipelines could make it possible to obtain full export volume with considerably less adverse impact on domestic gas supply. Using excess capacity in existing pipelines also could help the Soviets meet deadlines for gas deliveries to Western Europe.

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